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UNCLAS SECTION 01 OF 07 KINGSTON 000537

SENSITIVE
SIPDIS

STATE FOR WHA-CAR
(BPREMONT)(RALVARADO)(VDEPIRRO)(WSMITH)
WHA-EPSC (MROONEY) (FCORNEILLE)
EEB-ESC-IFD-EPC (McMANUS)
SANTO DOMINGO FOR FCS AND FAS
TREASURY FOR ERIN NEPHEW
US INTERNATIONAL TRADE COMMISSION FOR LYN SCHLITT

E.O. 12958: NA
TAGS: [ECON](#) [OTRA](#) [TRY](#) [ENRG](#) [EFIN](#) [EINV](#) [ETRD](#) [IBRD](#)
IMF, XL, JM
SUBJECT: JAMAICA RESPONSE: U.S. BIENNAL CARIBBEAN BASIN
INVESTMENT SURVEY

REF: A. STATE 60543
[1](#)B. KINGSTON 405
[1](#)C. 08 KINGSTON 366
[1](#)D. 08 KINGSTON 755

The Raw Numbers

[1](#)1. (SBU) Despite enjoying some of the most generous preferential trading arrangements and being located next to the largest market in the world, Jamaica's export history continues to be less than impressive. During the last decade, exports grew on average by 11.7 percent per annum, from a low base of USD 1.2 billion in 1999 to USD 2.7 billion in 2008. During the same period, imports grew from USD 3 billion to USD 8.5 billion. With the value of imports outstripping exports almost three to one, there has been a concurrent deterioration in the country's balance of trade, which stood at USD 5.8 billion at the end of [1](#)2008. Jamaica runs huge trade deficits with its two largest trading partners, the USA and the Caribbean Community (CARICOM) of which Trinidad and Tobago is the largest beneficiary.

Nature of U.S.-Jamaica Trade

[1](#)2. (SBU) Bi-lateral trade between Jamaica and the USA has almost doubled to USD 3.5 billion, accounting for about 39 percent of Jamaica's trade between 2002 and [1](#)2007. Jamaica's trade deficit would have been worse but for the recent foray into ethanol production by poultry producer Jamaica Broilers. Jamaica's imports from the U.S. continue to be fuelled by: (1) refined petroleum products; (2) agricultural products; and, (3) machinery and transport equipment. Officials from the Jamaica Trade and Invest (JTI) told emboffs that, in assessing trade flows between Jamaica and the USA, exports in the sectors covered by CBERA have generally declined. However, the JTI officials posit that declining agricultural exports have less to do with the preference and more to do with Jamaica's lack of productive capacity.

[1](#)3. (SBU) JTI officials said that, although successive hurricanes have contributed to dwindling production, there are also systemic problems within the agricultural and manufacturing sectors hindering

trade. They further contend that a major deficiency in capacity is the lack of diversity in the products being exported, with bauxite and alumina dominant. In this regard, they conclude that it has become critical for them to educate current and potential exporters about the benefits to be derived from the CBERA preferences.

Ethanol Fuels Hope

¶4. (SBU) Ethanol has become the new engine of export growth, with exports of about USD 190 million in 2008 and expected to increase, as Jamaica Broilers Ethanol has spent another USD 20 million to double its capacity to 120 million gallons of fuel grade ethanol. President and CEO of Jamaica Broilers, Christopher Levy, told emboffs that his company is now the largest CBERA-benefiting operation on the island. He said his company has focused on being a highly reliable supplier, emphasizing quality and efficient operations. He stated that CBERA has been a beneficial program for the Jamaica Broilers Group for several reasons: (1) opportunity to earn foreign exchange; (2) the possibility of new business partners as well as new business ventures; and, (3) development of new technical skill sets, providing potential upward mobility for employees.

¶5. (SBU) Begin Report: Answers are keyed to question format contained in reftel A. Distribution of this report should be kept limited due to the private data provided by respondents from the business community.

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¶A. Data on CBERA-related investment activity during 2008 by sector.

Beverages and Tobacco

- a. Name of Company - Red Stripe
- b. Investment in 2008 - USD 4.5 million
- c. New or expansion investment - Expansion
- d. Number of employees - 700
- e. Types of products exported - Red Stripe beer, Dragon Stout and Malta
- f. Estimated value of exports to the U.S. - (USD 40 million)
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - J. Wray and Nephew Ltd.
- b. Investment in 2008 - USD 1 million
- c. New or expansion investment - Expansion
- d. Number of employees - 544
- e. Types of products exported - Rum
- f. Estimated value of exports to the U.S. - USD 7.5 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

Mining and Chemicals

- a. Name of Company - PETROJAM Ethanol
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 12
- e. Types of products exported - Fuel Grade Ethanol
- f. Estimated value of exports to the U.S. - USD 52.4 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Jamaica Ethanol Processing Ltd
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of Employees - 31
- e. Types of products exported - Anhydrous Fuel Grade Ethanol
- f. Estimated value of exports to the U.S. - USD 37 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Jamaica Broiler Ethanol Ltd
- b. Investment in 2008 - USD 20 million
- c. New or expansion investment - Expansion
- d. Number of Employees - 35
- e. Types of products exported - Anhydrous Fuel Grade Ethanol
- f. Estimated value of exports to the U.S. - USD 109.8 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Lydford Mining Company
- b. Investment in 2008 - USD 0.8 million
- c. New or expansion investment - Expansion
- d. Number of Employees - 45
- e. Types of products exported - Whiting Grade Limestone
- f. Estimated value of exports to the U.S. - USD 1.3 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Jamaica Gypsum and Quarries Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of Employees - 31

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- e. Types of products exported - Gypsum
- f. Estimated value of exports to the U.S. - USD 0.2 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Sure Products Manufacturing Company Ltd
- b. Investment in 2008 - USD 0.53 million
- c. New or expansion investment - New and Expansion
- d. Number of Employees - 46
- e. Types of products exported - Veneer Plaster and construction material
- f. Estimated value of exports to the U.S. - USD 0.12
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

Fresh Produce

- a. Name of Company - Ministry of Agriculture Export Division
- b. Investment in 2008 - USD 0.2 million
- c. New or expansion investment - Expansion
- d. Number of employees - 34
- e. Types of products exported - Pimento
- f. Estimated value of exports to the U.S. - USD 0.4 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Advanced Farm Technologies Jamaica Ltd.

- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 280
- e. Types of products exported - Papaya
- f. Estimated value of exports to the U.S. - USD 2 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Jamaica Export Trading Company
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 8
- e. Types of products exported - Pimento berries and Canned Ackees
- f. Estimated value of exports to the U.S. - USD 0.4 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

Other Manufactured Products

-
- a. Name of Company - Wisynco Group Ltd.
 - b. Investment in 2008 - USD 5 million
 - c. New or expansion investment - Expansion
 - d. Number of employees - 180
 - e. Types of products exported - Beverages
 - f. Estimated value of exports to the U.S. - USD 0.06 million
 - g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Jalex Manufacturing Ltd
- b. Investment in 2008 - USD 0.23 million
- c. New or expansion investment - Expansion
- d. Number of employees - 42
- e. Types of products exported - Aluminum extrusion and scrap
- f. Estimated value of exports to the U.S. - USD 0.15 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

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Pharmaceuticals-Cosmetics and Personal Care Products

-
- a. Name of Company - Starfish Oils Ltd
 - b. Investment in 2008 - USD 0.25 million
 - c. New or expansion investment - Expansion
 - d. Number of employees - 30
 - e. Types of products exported - Scented candles, aromatherapy oils and soaps, bath salts and incense
 - f. Estimated value of exports to the U.S. - USD 0.05 million
 - g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - P.A. Benjamin Manufacturing Company
 - b. Investment in 2008 - USD 0.05 million
 - c. New or expansion investment - Expansion
 - d. Number of employees - 44
 - e. Types of products exported - Pharmaceuticals (health care), food flavorings and savouries
 - f. Estimated value of exports to the U.S - USD 0.03 million
 - g. Would project have been launched in the absence of
- CBERA-CBTPA preferences - No

Processed Foods

-
- a. Name of Company - Grace Foods International Ltd.
 - b. Investment in 2008 - Zero
 - c. New or expansion investment - NA
 - d. Number of employees - 52
 - e. Types of products exported - Juices, drinks, coconut water, syrups, teas, jams, jellies, condiments, sauces, seasonings, soups, pasta, dried, and frozen meals, puddings, cakes, porridges, chips, coconut milk, ackees, evaporated milk, canned vegetables and meats
 - f. Estimated value of exports to the U.S. - USD 23.4 million
 - g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Gray's Pepper Products Ltd
- b. Investment in 2008 - USD 50,000
- c. New or expansion investment - Expansion
- d. Number of employees - 29
- e. Types of products exported - Hot Pepper Sauces
- f. Estimated value of exports to the U.S. - USD 0.7 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Trade Winds Citrus Ltd
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 700
- e. Types of products exported - Fresh fruits, juices, purees and concentrates
- f. Estimated value of exports to the U.S. - USD 0.05 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Jamaica Cane Products Sales Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 13
- e. Types of products exported - Bulk raw sugar
- f. Estimated value of exports to the U.S. - USD 2.6 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Betapac
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA

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- d. Number of employees - 23
- e. Types of products exported - Curry powder
- f. Estimated value of exports to the U.S. - Indirect exports
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Mavis Bank Coffee Factory Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 300
- e. Types of products exported - Roasted and green coffee
- f. Estimated value of exports to the U.S. - USD 2 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Shim's Successors Company Ltd.

- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 38
- e. Types of products exported - Fruit syrup
- f. Estimated value of exports to the U.S. - USD 0.04 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Agriventures Jamaica Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 30
- e. Types of products exported - Fresh Produce and Processed Foods
- f. Estimated value of exports to the U.S. - USD 1.5 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - No

- a. Name of Company - Jamaica Biscuit Company Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 500
- e. Types of products exported - Biscuits and crackers
- f. Estimated value of exports to the U.S. - USD 2 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Jamaica Standard Products Company Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 150
- e. Types of products exported - Green and roasted coffee and sauces
- f. Estimated value of exports to the U.S. - USD 0.22 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Salada Foods Jamaica Ltd
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. Number of employees - 60
- e. Types of products exported - Instant Coffee
- f. Estimated value of exports to the U.S. - USD 0.6 million
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- a. Name of Company - Coffee Industries
- b. Investment in 2006 - USD 50,000
- c. New or expansion investment - Expansion

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- d. Located in free trade zone - No
- e. Types of products exported - Roasted coffee beans
- f. Estimated value of exports to the U.S. - USD 771,000
- g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

- h. Approximate share of inputs from CBERA beneficiary origin - 50 percent

- a. Name of Company - Central Food Packers Ltd.
- b. Investment in 2008 - Zero
- c. New or expansion investment - NA
- d. number of employees - 200
- e. Types of products exported - Jerk seasoning and

saucers, Jams and Jellies, Ackees, Callaloo and Bammies
f. Estimated value of exports to the U.S. - USD 1.5 million
g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

a. Name of Company - Continental Baking Company Ltd
b. Investment in 2008 - USD 0.2 million
c. New or expansion investment - Both
d. Number of employees - 642
e. Types of products exported - buns, biscuits, crackers and bread
f. Estimated value of exports to the U.S. - USD 1.7 million
g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

a. Name of Company - Seprod Ltd
b. Investment in 2008 - Zero
c. New or expansion investment - NA
d. Number of employees - 850
e. Types of products exported - Baked goods, UHT Beverages, Cornmeal based products, oils and fats
f. Estimated value of exports to the U.S. - USD 1 million
g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

a. Name of Company - Go Global Jamaica Ltd.
b. Investment in 2008 - USD 0.05 million
c. New or expansion investment - NA
d. Number of employees - 4
e. Types of products exported - Food items, clothing and raw materials
f. Estimated value of exports to the U.S. - USD 0.22 million
g. Would project have been launched in the absence of

CBERA-CBTPA preferences - Yes

Comments on Market Access

16. (SBU) Gillian McDaniel, Senior Consulting Officer at JTI told emboffs that at the general level, CBERA has had a positive impact on the Jamaican economy. She said in recent times the trade facility has stimulated increased investment in the ethanol industry, with Jamaica Broilers Ethanol making a USD 45 million investment. CBERA has also had a positive impact on small and medium enterprises (SMEs), albeit to a lesser extent. The inability of SMEs to take full advantage of CBERA lies in their limited export capacity. She explained that Jamaica therefore needs a campaign to educate exporters of the existence of market access to the U.S.

17. (SBU) Regarding diversification of the export base, McDaniel posits that niche products such as sauces, rum, and coffee have continued to enjoy strong export growth and the challenge is to increase production in non-traditional sectors, given the strong demand in the U.S. However, she was quick to point out that the aim must be to transform the so called niche products into

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larger, more mainstream exports. She said that more information is required to assess the full impact of non-traditional export growth on the Jamaican economy, and as such JTI is undertaking an Export Capacity survey to create a database of exporters, products, and markets.

¶8. (SBU) Jean Smith, Executive Director of the Jamaica Exporters (JEA), told emboffs that they currently have 230 registered members in 16 sub-sectors. She said 30 of these exporters are relatively large, and about 115 have exported to the U.S. at some point. With export growth less than impressive, the GOJ and the JEA are collaborating on a National Export Strategy (NES) to significantly expand export in the next 2 to 3 years. Technical support is being provided by the International Trade Council (ITC) out of Geneva. In essence, the ITC is providing Jamaica with a template, which will be customized to fit the local context. The aim is to concentrate on 9 sectors including agro-processing, mining and quarrying, fashion, apparel, and jewellery.

¶9. (SBU) However, contrary to the position held by the JTI, Smith is of the view that Jamaica cannot compete on volume, and as such the country has to concentrate on niche markets and value addition through intellectual property and diversification. The JEA is therefore working with the Jamaica Intellectual Property Office (JIPO) to establish geographical indicators (GI) for products like Blue Mountain coffee. The JEA is also embarking on a Brand Jamaica Initiative, which will include registered certification marks to gain indigenous status. Smith also said there is a lack of market research and support for many of the fledging exporters, which she hopes will be revisited under the NES. (Note: Access to capital remains a binding constraint for many businesses in Jamaica; interest rates on business loans range 18 to 24 percent per year. The high cost of capital hinders both start ups as well as business expansion. End Note).

Comments on Survey

¶10. (SBU) In general Jamaican exporters remain relatively unresponsive to the CBI survey. In fact, there was a further decrease in the number of respondents, with over 30 percent of the exporters contacted not responding. This continued apathy appears to be largely due to a lack of awareness of preferential trading arrangement. Some exporters continue to admit ignorance of the arrangement, suggesting the need for some form of education. However, some exporters understand the importance of the market access, including one exporter who responded to the survey within an hour of receipt, telling emboffs the trade arrangement is crucial to his economic survival. Another exporter said the trade facility has assisted his company in accessing the U.S. market, thus assuring the competitiveness of his company's products. End Comment.

MOSS